

CITY OF MORGAN HILL  
SPECIAL JOINT CITY COUNCIL AND  
SPECIAL REDEVELOPMENT AGENCY MEETING  
MINUTES - JULY 19, 2000

**CALL TO ORDER**

Mayor/Chairman Kennedy called the meeting to order at 7:06 p.m.

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Chang, Cook, Sellers, Tate and Mayor/Chairman Kennedy

**DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

Mayor/Chairman Kennedy announced the passing of David Montoya, a long time public works department employee for the City of Morgan Hill. He requested that he and his family be remembered in prayers.

**PLEDGE OF ALLEGIANCE**

At the invitation of Mayor/Chairman Kennedy, Assistant Public Works Director Struve, led the Pledge of Allegiance.

**CERTIFICATES OF APPRECIATION**

Mayor Kennedy presented a Certificate of Appreciation to Robert Harrington for his years of service as a *Bicycle Advisory Commissioner*.

**CITY COUNCIL REPORT**

Council Member Tate reported on the following: 1) Library Joint Powers Authority - adopted its new budget and has agreed to join an Amicus as friends of the court on an appeal from Sonoma County; 2) The Library Site Selection Committee is on track and has gotten together to establish selection criteria for the site. Public input is strongly desired, noting that two public hearings have been set: August 2 and August 14 at City Hall. 3) Santa Clara County Emergency Preparedness Council met informally on July 6. There is a move on the part of Federal Emergency Management Agency (FEMA) to recommend that cities purchase a private insurance policy against earthquakes. The Association of Bay Area Government prepared a response to FEMA citing the reasons why it is not the right thing to do. A representative from the City of San Jose reported on a conference that took place on weapons of mass destruction. The representative raised the fact that there is currently no means for the federal government to cover terrorism. Individuals are trying to come up with a mechanism such as a bill that would require federal assistance for terrorism acts. 4) Fire and

Emergency Master Plan - A consultant has been selected. A contract will be coming before the City Council for approval, including a recommendation for the appointment of an advisory committee. 5) City-School Liaison Committee: Highlights of the July 7 meeting include the discussion of a new high school. A draft EIR was released early last week and will go through the entire EIR process. A public hearing is scheduled for September 16 with a final decision date being targeted for October 9. The Committee discussed the nine conditions that the City Council asked for with regards to the Sobrato property. The School District's attorney has drafted a memorandum of understanding that covers the nine conditions, including the conditions that would be necessary on the Tennant site, the alternate site under consideration. The City is in the process of negotiating with the School District regarding the conditions. There is an interest to get the aquatic center under way. It was reported by the School District that they could not be out of the Corporation Yard by December 2000. It is hoped that by the August 2000 meeting, the School District would provide a timeline on when they can vacate the Corporation Yard. The School District is working on a site located in the back of the District Office building. It was also agreed to discuss further and pursue an agreement/model to provide housing assistance to teachers. 6) Finance & Audit Committee: The Committee is spending most of its time on the indebtedness guidelines for the Redevelopment Agency in order to be able to collect funds for the Redevelopment Agency.

### **CITY MANAGER'S REPORT**

City Manager Tewes indicated that he did not have a City Manager's report to present this evening.

### **INTERIM CITY ATTORNEY'S REPORT**

Interim City Attorney Leichter announced that she did not have a City Attorney's report to present this evening.

### **PUBLIC COMMENT**

Bob Eltgroth requested that the City Council schedule the discussion of SB 1629 as soon as possible so that it can determine if the City wants to support this bill. He said that the timing was one that the bill would be in Committee in early August and that this timing would not allow the bill to be scheduled for the Parks and Recreation Commission to discuss and forward a recommendation to the City Council and for the City to complete its review process. He indicated that SB 1629 would make consideration of bicycle and pedestrian access a default instead of an after thought.

Mayor Kennedy requested that the City Manager agendaize SB 1629 for July 26.

Keith Robertson requested that the Las Casas de San Pedro issue be agendaized for a future meeting. He felt that an important issue to the residents is the absence of an on site manager. He noted that state law indicates that an apartment complex consisting of more than 16 units must have an on site manager at all times. He requested that the Council take action on the issues of concern and indicated that the residents would agree to assist to resolve the issues of concern.

Interim City Attorney Leichter stated that since April 2000, the matter has been scheduled for closed session

discussions in terms of litigation strategies. She indicated that the City Council is aware of some of the issues going on at Las Cases de San Pedro and the litigation strategies. The City arranged a meeting at Las Cases de San Pedro which was attended by County personnel. At that time, the issues were discussed with the residents. The residents were also advised of the code enforcement actions that were being pursued. The code enforcement actions in terms of the problems with the units are proceeding. Regarding the on site manager, she indicated that the city informed the residents that there is a state law that requires an on site manager for complexes with more than 16 units. She met with the County Counsel and Jeff Hoffman, attorney for the seniors. Mr. Hoffman has indicated that he would undertake this issue and prosecute it on behalf of the seniors as it is not a city enforcement issue.

Mayor Kennedy noted that one of the issues raised is the fact that the residents feel that the City Council is not taking action. He recommended that Las Cases de San Pedro be agendize for an open session discussion.

City Manager Tewes stated that a meeting would give the residents an opportunity to express their views. However, there will be a frustration that the Council's responses will be constrained as has been advised by the City Attorney. He recommended that any meetings that are to take place include the attorney that has been retained by the residents.

Council Member Cook requested that the Council consider calling a meeting in the Council Chambers or at Las Casas de San Pedro, inviting the individuals/agencies involved to a special City Council meeting. This would allow back and forth dialogue with the citizens. If the entire council cannot attend the special meeting, she recommended that formal action be taken by the entire council following initial discussion.

Mayor Kennedy requested that a special meeting be scheduled at Las Casas de San Pedro, inviting the appropriate parties to present their report. He further requested that as many of the parties involved in the process be invited to the meeting.

Reverend Rod Murcay indicated that the Family First Baptist Church has joined forces with Mervyn's in Morgan Hill to a back to school project for approximately 220 school aged children who will be given a full set of cloths, backpacks, and school supplies. The program has partnered with Mervyn's, Kiwanis, Lyons and the Salvation Army of San Jose. He requested that the City Council and the public participate in the event to be held on August 5, 7:00-9:00 a.m. in front of Mervyn's.

Mayor Kennedy stated that he has had several requests to move agenda items 9 and 8 forward. He recommended that these items be considered following the Consent Calendar.

City Manager Tewes indicated that a number of individuals have requested that item 5 remain in its current location on the agenda because they have other matters to attend to this evening.

**Action:**        *It was the consensus of the City Council **to consider** agenda items 9, 5 and 8 following the Consent Calendar.*

## ***City Council Action***

**CONSENT CALENDAR:**

**Action:**        *On a motion by Council Member Cook and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **approved** Consent Calendar Items 1-4 as follows:*

**1.        PRELIMINARY JUNE 2000 FINANCE AND INVESTMENT REPORT**

**Action:** ***Accepted and filed** report.*

**2.        ACCEPTANCE OF THE COMMUNITY PARK BALL FIELD RENOVATION PROJECT**

**Action:** *1) **Accepted** as Complete the Community Park Ball Field Renovation Project in the Final Amount of \$537,035, and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

**3.        ACCEPTANCE OF NORDSTROM PARK PROJECT**

**Action:** *1) **Accepted** as Complete the Nordstrom Park Project in the Final Amount of \$1,028,809 and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*

**4.        AWARD OF CONTRACT FOR CONSTRUCTION OF BUTTERFIELD BOULEVARD  
PHASE III IMPROVEMENTS**

**Action:** *1) **Awarded** Contract to Trinchero Construction Co., Inc. for Construction of Butterfield Boulevard - Phase III Improvements in the Amount of \$1,656,768 and 2) **Authorized** the City Manager to Enter Into An Agreement with the Department of Fish and Game in the Total Amount to Be Set Aside of \$132,000.*

**9.        REVIEW OF POSSIBLE SCHOOL SITE ACQUISITION - NEW HIGH SCHOOL AT  
TENNANT AVENUE AND MURPHY AVENUE**

Planning Manager Rowe presented the staff report and indicated that it was the consensus of the Planning Commission that the proposed alternate school site would be superior to the Sobrato site because it is located within the city's sphere of influence and could be readily annexed. This would avoid a need for outside service agreements which would be required with the Sobrato site located within the City limits of San Jose. He requested that the City Council provide any comments that it wishes to forward to the School Board for their consideration before they act on this at their October meeting.

Council Member Cook was pleased that the School District was looking at an alternate site other than the Sobrato site. She stated that the Tennant does not mean that the School District will be solely responsible for upgrading the crossings and signalization as these improvements are included in the General Plan and have been calculated into impact fees. She noted that the widening of Tennant Avenue is funded out of the Valley Transportation Agency (VTA) 2020 Plan. She felt that it would behoove the city to work closely with the School District to identify the costs that would be attributed solely to the high school as she would not like to see the numbers inflated. She referred to page 254 of the agenda packet, "Acquisition Cost." She felt that it needs to be recognized that there may be a time delay and cost associated with litigation if the School District moves forward with the Sobrato site. She felt that both the time delay and litigation have a dollar

value that should be associated with the estimate and therefore should be included in the analysis to be performed. She felt that 80 acres may be too much land for a high school. She asked if the School District is considering locating another school facility at this location? If so, she felt that the cost for the 80 acres should be prorated based on the School District's use so that it would not be inflated in the analysis in the comparison of the two sites.

Mayor Kennedy opened the floor to public comment. No comments were offered.

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **Directed** Staff to Submit a Report to the School District Board with Planning Commission and City Council Recommendations Concerning Acquisition of Property at Tennant Avenue and Murphy Avenue for a New High School, incorporating the comments as expressed by Council Member Cook.*

#### **OTHER BUSINESS:**

#### **5. PRESENTATION AND PUBLIC INPUT REGARDING PROPOSED NOVEMBER 2000 COUNTY-WIDE BALLOT MEASURE TO EXTEND THE HALF CENT SALES TAX FOR TRANSPORTATION**

Carl Guardino, Silicon Valley Manufacturing Group, distributed a hand out relating to the Valley Transportation Plan 2020. He said that this has been a 16-month collaborative process that has brought this Plan to where it is today. He felt that this has been the most thorough process in determining the work product for any sales tax measure that this county has ever known. He said that on Friday, June 23, 2000, the VTA Board of Directors met and on a 10-1 vote, agreed to support placing a measure on the November ballot as well as using the project list as a foundation. He noted that there are many projects that are significant to south county such as improvements to Tennant Avenue. He provided the City Council with a Board Resolution and background material. He felt that there is a need to retain state matching funds to benefit commuters in Santa Clara County and that it would be difficult to retain funding with changing legislatures in future years. He felt that this would be a great opportunity to bring Bart into Santa Clara County and that it would be a regional benefit with regional implications to everyone in the county. He said that the loss of consumer confidence does not want to be risked at a time when the consumers' confidence is at a high level. He felt that this is an opportunity that only comes once every four years where the voter turn out is higher. He requested that the City Council reiterate its support so that this issue can move forward, working together in partnership, for a successful November election that will provide much needed traffic relief to residents.

Mayor Kennedy said that it was raised at a previous meeting that since the existing measure runs to 2006, why should the tax extension be placed on the November ballot? Mr. Guardino responded that by moving forward in November 2000, project delivery can be moved forward a full four years. Once you have passed a measure and have a dedicated revenue source sales tax, you can strategically bond against this source. The bond counsel has indicated that it does not risk the bond rating and that the projects can be moved ahead four full years.

Council Member Tate said that there has been a lot of material distributed that questions whether there are better alternative projects to the Bart extension. He asked if the County would be committing to Bart or are there possibilities of looking at other options that may be able to solve some of the traffic problems earlier and at a lesser cost?

Mr. Guardino stated that the package of improvements that came out of the 16-month process includes numerous short term, mid term and long term solutions to produce a comprehensive plan for relief. He said that 40% of the funds would be used to bring Bart from Fremont through Milpitas, downtown San Jose and to Santa Clara. The enabling legislation that secures the \$725 million in state matching funds states that funding is to be used specifically for Bart. It would require a change in legislation to change the project and may result in the loss of funds. He said that based on a 12-month study by the Valley Transportation Authority on Bart, Bart would bring 78,600 riders a day onto the 21-mile line, equivalent to three full freeway lanes of traffic. The study also compared other options. The other option's highest rider ship was 6,100 riders per day as opposed to 78,600.

Mayor Kennedy opened the floor to public comment.

Margaret Okuzumi, Executive Director, Peninsula Rail 2000, member organization of the Bay Area Transportation and Land Use Coalition, requested that the Council oppose the sales tax plan for Bart. She indicated that the preliminary analysis by the Metropolitan Transportation Commission suggests that the Bart extension is the worse possible way to spend taxpayers' money if the goal is to reduce traffic congestion. She distributed information that demonstrates what can be done with the same amount of funds (e.g., network of high speed/quality and low-cost trains; providing additional train service to Morgan Hill and Gilroy). She noted that it was stated that this has gone through an extensive public process. If this is the case, she asked why citizens have not heard about the proposed tax? She felt that many residents would vote for a plan if it would go toward solving congestion and that voters want quality transportation infrastructures. She felt that if the same quality service can be delivered sooner at a lesser cost and that it would result in strong voter support. She noted that there will be another presidential election in 2004 and that it would be an appropriate time to place a tax measure on the ballot. She requested that the city council withdraw its support for the plan as a plan is needed that will provide countywide congestion relief with quality projects. She invited the City Council to attend a rail tour and to join the County Board of Supervisors in initiating a planning process that will place a more equitable countywide sales tax on the ballot in the year 2002 or 2004.

Debbie Hernandez stated that she felt that the proposed tax measure is being rushed. She felt that assumptions were being made that citizens will not pass the measure in the 2004 election. She requested that the City Council educate itself with the information that it has been provided.

Larry Carr, Director of Education for the Silicon Valley Manufacturing Group, urged the City Council to continue its support of the initiative due to the benefits to Santa Clara County residents. He said that a poll taken by the Silicon Valley Manufacturing Group demonstrates south county's support for extending the sales tax for the projects identified. He addressed the public process that has taken place. He noted that each city brought forward their suggested projects to the VTA. He said that at the June 2000 hearing, the County Board of Supervisors requested that the Manufacturing Group, in coordination with the County and the

VTa, schedule a Transportation Summit. He indicated that this date has been set for August 2, 2:00-9:00 p.m. to discuss the VTP 2020 plan and to create another public hearing process in which the plan can be heard and discussed. There will be a continued planning process prior to the County Board of Supervisors taking their vote on August 8.

Council Member Cook asked if the VTP 2020 plan is a VTA document? She asked if the original project list was produced by the Manufacturing Group or is the Group supporting VTA's recommendation? Mr. Carr stated that the initial document presented to the Board of Supervisors at their June meeting was not the identical VTP 2020 list. He said that the 2020 plan had not been voted upon by VTA due to Brown Act requirements. This plan has become the VTP 2020 Plan based on the 10-1 vote in support of the Plan from the Board of Directors for the VTA. He said that the Plan that is currently being discussed and the plan that will go before the Board of Supervisors on August 8 is the 2020 Plan.

Mayor Kennedy clarified that the Silicon Valley Manufacturing Group has withdrawn their original list of projects and replaced it with the VTA's 2020 Plan.

Council Member Cook felt that the action taken previously by the City Council is no longer applicable because the project list has changed.

Mayor Kennedy said that the letter sent to Supervisor Gage as a result of City Council action referenced a 16-month process to update the Valley Transportation Authority's 20-year transportation plan. It talks about the Plan being well on its way to completion and not necessarily the final document.

Council Member Cook expressed concern with the public view associated with this issue. She said that as a citizen and as a council member she has not had the opportunity to comment on this issue. She said that she would be lobbying for more money in South County. She stated that the General Plan Update Committee has found that 70% of the rush hour traffic through Morgan Hill is not from the community and that the tax measure would not provide relief. She felt that south county would receive very little of the tax money.

Mayor Kennedy felt that Council Member Cook's point was well taken. If the Council votes tonight to reaffirm the recommendation that was made, the City would lose some leverage. He recommended that a subcommittee or staff meet to take a closer look of the city's needs and to reaffirm the city's list of projects. He further recommended that all of the city's interests be addressed. He recommended that this item return on July 26. He suggested that he meet with staff and return with a list of specific projects. He recommended that Council Member Cook provide her list of projects to the City Manager.

Mayor Pro Tempore Tate concurred with Council Member Cook that funding would be disproportionate because the City cannot control the use of city roads. He stated that he would like to review and comment on the list of projects and the percentage of funding proposed.

Council Member Cook said that the City just received the traffic analysis for the General Plan update in March and April, noting that the traffic analysis was not encouraging. She felt that it was important to reconsider this issue as the stakes are high.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Chang, the City Council unanimously (5-0) continued this item to July 26, 2000.*

## **8.        REPORT FROM THE MEDICAL SERVICES SUBCOMMITTEE**

City Manager Tewes presented the staff report and noted that the Medical Services Subcommittee has come to conclusions, offering recommendations for the City Council consideration as follows: 1) begin the process of studying how to establish a separate healthcare district, including the appointment of Blue Ribbon Committee comprised of community leaders to assist the Council with this effort; 2) consideration of an advisory measure for a November 2000 ballot seeking community input on the question of whether or not it would be appropriate to use Redevelopment Agency (RDA) funds to acquire a site or to assist in the construction of a healthcare facility; and 3) subcommittee is requesting additional time to talk with medical proposers.

Council Member Cook noted that it is being recommended that a Blue Ribbon Committee be established to study healthcare issues and that a report is expected after the ballot measure. She felt that the charge of the Blue Ribbon Committee would be hindered because the Council would be predetermining the outcome. The subcommittee's recommendation assumes that the city will be implementing a new healthcare district. She felt that the first question to be asked is whether the committee feels that it is worth the effort because their study may show that it is not. She stated that the subcommittee's conclusions were a good start, however, she would like the opportunity to discuss slight modifications.

Joann Zimmerman, CEO for Kaiser Permanente in the South Bay, stated that Kaiser has a need for skilled nursing beds. She said that Cisco Systems would be bringing in a large number of individuals into the area who will become Kaiser Permanente members in need of health services. She indicated that Kaiser Permanente is very interested in skilled nursing and would agree to be an active partner, given the right business arrangement in utilizing the beds if they were made available to Kaiser Permanent and its members. She said that she would need to know more about the potential services to be offered. She would also investigate the availability of administrative space. She stated that she could not comment further until a business plan is known.

Bill Conlan addressed a life experience received by an injured neighbor at the St. Louise Regional Hospital Emergency Room in Gilroy. He indicated that there was only one doctor on duty and that he was advised that the hospital takes patients based on the severity of injury and not the time of arrival, noting that his neighbor waited several hours to be seen. He indicated that ten to twelve years ago, residents of Morgan Hill backed the hospital. It was stated 10 years ago that two hospitals could survive. He said that hospitals are closed because they are not making money, noting that the concern is for the share holders and not the residents. He supported the City in its effort to reopen the hospital.

Bernie Mulligan stated that he was delighted to hear that Kaiser Permanente is considering becoming a player. He stated that he would agree to participate in the Blue Ribbon Committee. He requested that the zoning on the Cochrane site be left alone and that time be given to resolve the issue of medical services.

Mark Grzan, 680 Alamo Drive, felt that the problems experienced by Mr. Conlan will be common or



prevalent in the future. He asked if \$6 million of RDA funds would be used to move the County's San Martin facility into Morgan Hill? He asked if the Caltrain Depot is a relocation site being considered? He noted that the County facility is not only a court house but is used to provide healthcare services including a children's and mental health clinic, a substance abuse program facility, probation and social services. He felt that if a County healthcare facility needs to be constructed in Morgan Hill, it could be accommodated at the Cochrane site, saving millions of dollars by not having to build a new facility. He felt that it was too early to close the door on the St. Louise Hospital Site. He felt that a public forum should be held with questions asked and solutions developed.

Council Member Cook said that it was not clear to her that the County would move any of their healthcare facilities from San Martin to Morgan Hill. Mr. Grzan stated that he was not sure if these facilities were going to be moved. If the buildings are to be closed, the facilities could be moved to the St. Louise Hospital site if they need to be relocated.

John Quick stated his support of keeping all options open, including discussions with Kaiser. If the City is to look at a ballot measure that would lend RDA monies to support and offset losses at the site, he felt that it should be accompanied by some supervision through the City Council or an appointee of the City Council. He felt that there should be direct input on the board or whatever group is governing the site if there is to be the use of public funds (supervision of public funds).

Mayor Kennedy said that there has been discussion about overseeing public funds by either a healthcare district with a governing board or a non profit healthcare foundation with a governing board.

Rob Conlan expressed concern that when the process was started several months ago, he had a concern that the Morgan Hill Community Hospital would lose support if the process was prolonged. He was pleased to see that this is not the case as more and more interest is being seen. He recommended that the City work with the Christian College to find an alternate site, one that would be more appropriate for a college so that they do not get discouraged from moving into Morgan Hill.

Dennis Pinion indicated that he sent the Council a letter making a case for the RDA supporting a full service hospital facility in Morgan Hill. He felt that this would be proper use of RDA monies given the circumstances, keeping local monies local. His letter mentions that RDA funding comes from tax increments and some of the tax increments come from what would have been health care facilities in Santa Clara County. He felt that the Council was on the right track but that time is of the essence. He recommended that the city ensure that options do not disappear.

Kit Greenberg felt that the proposal from the City Manager and the Medical Services Subcommittee would lead the City down the road to healthcare ruin. She stated that the Morgan Hill Community Hospital Alliance supports the formation of a Blue Ribbon panel to explore the healthcare options offered to the Citizens of Morgan Hill. The objective remains the same, to preserve the existing hospital site for healthcare purposes with the intent of providing an acute care facility as soon as feasible. She felt that the suggestion of using RDA funds requires moving to a site within the RDA project area and the abandonment of the existing hospital facility. She felt that this option is being driven by the desire of some members of the community to accept a \$2 million bribe offered by CHW to rezone their client's (San Jose Bible College) site. She felt

that this move was dishonest and unethical. She did not believe that it was CHW's business how the city plans to provide healthcare services to its citizens. She noted that CHW had a chance to participate in the process and they chose to leave this town. She said that San Jose Bible College purchased a piece of property zoned inappropriate for their purpose, noting that the city zoned the Cochrane site for a hospital.

Mr. Pinion clarified that it was his belief that RDA funding could be used for facilities that are not located within the RDA project area and that he did not want to see the City accept \$2 million from CHW for healthcare services. He stated that he would want to see the city in control. He felt that the use of RDA funds would be proper in this situation.

Council Member Sellers stated that the subcommittee attempted to: 1) clarify objectives; 2) point out immediate actions that are deemed appropriate in this situation; and 3) chart a course for future actions. He clarified that the proposed ballot measure is an attempt to keep an option open. He noted that Measure D contained a list of specific visioning projects and noted that the list did not include healthcare services. He felt that a ballot measure would give a strong indication of whether the community supports the use of RDA funds for healthcare services. He did not believe that a ballot measure would hold the process up. The suggestion of putting together a Blue Ribbon Committee is one that would allow the formation of a formal organizational structure that would allow the city to proceed and review healthcare services in the community. The recommendation of appointing a Blue Ribbon Committee is two fold: 1) the city would be less vulnerable in the future with a formal structure in place; and 2) the city would be prepared for any and all opportunities. He felt that it was important to know that the process is still evolving. He did not believe that it made sense to change the zoning of the site until the city has considered all options. He felt that it was important to note that the process being undertaken at this time does not preclude the college from proceeding.

Mayor Kennedy felt that the subcommittee's report is work in progress and contains a lot of what has been thought and discussed. He stated that the report is not intended to be an end by any means.

Mayor Pro Tempore Tate stated that he agreed with Council Member Sellers' comment that the City Council has taken this process in order to keep its options open. He felt that the Council was reopening and starting the process again. He would like to review the options. He stated his support of the recommendation to establish a Blue Ribbon Committee and felt that the Committee can be given the charge of studying options.

Council Member Chang inquired if RDA money can be used to purchase land for economic development in the RDA project area? City Manager Tewes provided the Council with a summary of RDA law. He said that the law is clear that for housing projects, RDA money can be used in the project area, within the city limits, and outside the project area. For community facilities, the law states that you can spend RDA monies in the project or outside the project area provided two findings can be made: 1) the facilities are supportive of the redevelopment project area itself; 2) the facilities eliminate specific blight identified in the report that established the plan. With respect to economic development, the law states that those funds can only be spent within the project area.

Council Member Chang asked if a skilled nursing facility can be considered a housing project? City Manager Tewes indicated that staff would need to investigate whether or not 20% housing set aside funds can be used

for a skilled nursing facility.

Interim City Attorney Leichter informed the City Council that staff asked that the outside Redevelopment Agency Counsel examine using the 20% housing set aside funds last fall. It was the Counsel's initial conclusion that it would be hard to use housing set aside funds absent a specific plan document that dictated a blighted condition but that it could be done. She indicated that there is no implicit redevelopment case defining permanent versus transitional housing. She said that it was her understanding that medical services were not part of a blighted condition.

City Manager Tewes clarified that the law allows the use of RDA funds for the purchase of land in the project area for economic development. He said that the subcommittee was stating that since there has been considerable voter attention to the redevelopment projects and the fact that medical facilities had not been identified, but the subcommittee was suggesting an advisory measure. He indicated that the former St. Louis Hospital site is not located within the redevelopment project area and that redevelopment funds can only be used for projects as part of economic development.

Council Member Cook stated that she could not reconcile council policies with the approach being suggested that: 1) the City would seek minimal financial risk to the City and tax payers. She said that it has not been demonstrated that the Council can meet this objective. 2) The city would provide services that would serve the broadest section of the community as possible. She noted that a skilled nursing facility does not serve a large population. She stated that Kaiser is interested in providing services in Morgan Hill looking to serve their members, noting that half of the community are non Kaiser members. She was troubled that the Council was rehashing a lot of the same issues. She was having a hard time making the recommendations of the subcommittee fit the Council's objectives. She was not sure if she would support placing an advisory vote on the ballot if a Blue Ribbon Committee is established. If established, she felt that the Council would be directing the committee to a conclusion. By de facto, the city would be stating that it wants to establish a healthcare district. She felt that this would come at a tremendous cost to the community. She did not believe that the city should be subsidizing a hospital and that she did not recommend spending money on a losing proposition. She said that she would support moving forward with the establishment of a Blue Ribbon Committee, giving them the latitude to look at all options.

Council Member Sellers concurred that the Council goals should be maintained. He acknowledged that there will come a time that a decision would need to be expedited. He felt that it would be in the best interest of the community to keep options open. He said that it was appropriate to bring the issue of a ballot measure to the Council, however, he was not inclined to place an advisory measure on the ballot this fall. He indicated that subcommittee also considered placing a measure on the ballot relating to the establishment of a blue ribbon committee. However, the subcommittee felt that it was the City's obligation to proceed with the committee. He felt that it was also the Council's obligation to spend RDA funds as the latitude exists. He said that the committee's charge would be to set the parameters but that it was important to understand that the City Council needs to make the final decision and felt that it was important that the City Council achieve the policy objectives in terms of health care services that the community needs. He did not see that the options have been fully identified.

Mayor Pro Tempore Tate praised the subcommittee's first conclusion that states: "To achieve our short and

long range public policy objectives, there must be an organizational structure with a financial capacity, management expertise, and commitment to lead the effort. City government can provide leadership but that we do not have the financial resources or specialized management skill to make it happen." He felt that this was the essence of where the city needs to go and that this statement needs to guide the council as it is a good, strong statement. He said that the strings now associated with CHW's offer of \$2 million is depending upon the approval of a zone change for the Cochrane Road site and spending money on the portion of the building that would be used for doctors' offices.

Wade Rose, CHW, clarified that the conditions relating to the college are such that the funds from the proceeds from the sale would be utilized as a gift. He said that the key issue, from a healthcare planning perspective, is to make sure that there are enough doctors practicing in Morgan Hill to meet the citizens' health care needs and that adequate urgent care services are provided.

Council Member Cook inquired whether the City could utilize the \$2 million toward the recruitment of doctors if the City accepts money from CHW? She felt that the reason two hospitals could not be supported was the result of not having enough physicians with the patients to sustain either facility. She asked if CHW would accept another use of the money such as recruiting primary care physicians into the area? Mr. Rose responded that any action of this entity could help recruit physicians to Morgan Hill.

**Action:** *Council Member Chang made a motion to **appoint** a blue ribbon committee of citizens and community leaders to explore the establishment of a separate healthcare district. All options to be laid out in a wider scope and explored (not just a healthcare district). The motion died for the lack of a second.*

Council Member Sellers stated that it was the intent of the subcommittee to form a blue ribbon committee that would outline the appropriate structure of an organization that would proceed. A group of citizens would outline an organization that makes sense, including their charge. It is not being asked that the committee come up with a solution only to outline the framework. The Committee would be given a very quick timeline to do so. The Council can, at its next meeting, discuss who may serve on the task force, their charge and a timeline to accomplish its charge.

Mayor Kennedy felt that the subcommittee's recommended action is very specific. It was his expectation that the subcommittee returns next week with a report that gives the City Council enough information to act at that time. He said that the subcommittee is requesting City Council input and direction. The subcommittee would return with recommendations for the City Council's next meeting.

Mayor Pro Tempore Tate said that before he would agree to the establishment of a committee, he would like to review the options that would be given for consideration.

Council Member Cook said that she would be dismayed if she saw any language that would limit the blue ribbon committee to looking at specific sites in town. She felt that the committee needs to look at healthcare as a business and not as a service that is to be provided by the City. When she thinks of protecting the public health, welfare and safety, she thinks of police, fire, street lights and street roads. These are the kinds of services that cities should be providing to ensure public health and safety. She recommended that the Council

advise the blue ribbon committee that it is not the city who would be providing healthcare services.

Council Member Chang said that she sees the formation of a separate healthcare entity and that she sees the formation of a healthcare district in the future if the city is to have adequate medical services in the community. She felt that the blue ribbon committee should be investigating various options to be followed by a report to the City Council.

Mayor Kennedy requested that the City Council direct the subcommittee to do more work and that it returns with the information that has been requested, incorporating the ideas and suggestions that have been made by the City Council. He said that the subcommittee will be having further conversations with Kaiser and the Randlett Group and that it is hoped to bring back additional information at the July 26, 2000 Council meeting.

Council Member Cook stated that she did not have a problem with Mayor Kennedy's recommendations as long as the process does not continue to go on.

Council Member Chang asked if the City Council is ruling out an advisory measure(s)?

Mayor Kennedy stated that the subcommittee would return to the City Council with options. The City Council can decide, at its next meeting, whether it wants to include an advisory measure.

Council Member Sellers said that should the City Council decide to proceed with a ballot measure, it would be incumbent upon the City Council to have sample language that would be appropriate.

**Action:**        *By consensus, the City Council **continued** this item to July 26, 2000 to allow the subcommittee the opportunity to report back to the City Council next week on viable options.*

## **PUBLIC HEARINGS:**

### **6.        APPEAL APPLICATION AP 00-04: E. DUNNE - B.H. PACIFIC - Resolution No. 5414**

Planning Manager Rowe presented the staff report. He informed the City Council that staff has distributed a revised Resolution, deleting condition X2, granting the applicant's appeal and supports the approval of Alternative 1. Should it be determined in the six-month review that a problem exists, the use permit could be brought before the Planning Commission to modify conditions such as to require the reconfiguration of the drive through or to provide improvements that would address the problems that might exist. He informed the City Council that it could include language in Section 4 that would incorporate a six-month review. He indicated that if the conditions of the use permit are modified by the Commission and should the applicant be aggrieved by the action, the applicant can appeal the modifications to the City Council.

Mayor Kennedy opened the public hearing. Bruce Tichinin, representing the applicant, concurred with staff's recommendation. No other comments being offered, the public hearing was closed.

Council Member Cook referred to Condition 4a which states that there is no impact on the public right of

way and that Alternative 1 allows the most efficient overall onsite circulation. She asked if a sentence should be added that stipulates that based on the conditions as presented (e.g., only seven vehicles per hour and maximum stay for vehicles would be ten minutes)?

Interim City Attorney Leichter recommended that the Council include the following under Condition 4a: "...and allows for the safest and most efficient overall on site circulation . . . "

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **Adopted** Resolution No. 5414 Approving the Appeal, as modified.*

**7. ADOPTION OF THE RESOLUTIONS CONFIRMING THE FISCAL YEAR 2000/2001 ANNUAL ASSESSMENT FOR THE FOX HOLLOW/MURPHY SPRINGS ASSESSMENT DISTRICT - Resolution Nos 5416 and 5417**

Mayor Kennedy stepped down from the discussion of this item as the Conte Garden residential project is located within 300 feet of his residence.

Director of Public Works Ashcraft presented the staff report. He said that it was determined recently that some of the expenditure side of the engineer's report was high and that staff would make sure that the error is not repeated again next year. Staff did not believe that the error would affect the levy of assessment this year.

Council Member Cook requested Council concurrence to direct staff to look at these assessment districts because sooner or later, the city will come to a point where today's services will cost more than what can be recovered.

Mayor Pro Tempore Tate opened the public hearing. No input being offered, the public hearing was closed.

**Action:** *On a motion by Council Member Chang and seconded by Council Member Cook, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Adopted** Resolution No. 5416, Amending And/or Approving the Final Engineer's Annual Levy Report for the Fox Hollow/Murphy Springs Landscape Maintenance District, Fiscal Year 2000/01.*

**Action:** *On a motion by Council Member Chang and seconded by Council Member Cook, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Adopted** Resolution No. 5417, Ordering the Levy and Collection of Assessments within the Fox Hollow/Murphy Springs Landscape Maintenance District, Fiscal Year 2000/01.*

**Action:** *On a motion by Council Member and seconded by Council Member Cook, the City Council, on a 4-0 vote with Mayor Kennedy absent, **directed** staff to review assessment districts.*

Mayor Kennedy resumed his seat on the dias.

**OTHER BUSINESS (Continued):**

**10. CONSIDERATION OF PARKS AND RECREATION COMMISSION  
RECOMMENDATION TO COMPLETE COMMUNITY PARK MASTER PLAN  
SUBSEQUENT TO THE PARKS, FACILITIES, AND RECREATION PROGRAMMING  
MASTER PLAN**

Assistant Public Works Director Struve presented the staff report. He informed the City Council that it was the recommendation of the Parks and Recreation Commission to delay further development of the Community Park Master Plan until such time that the city wide Park Facilities and Recreation Programming Master Plan is completed.

Council Member Sellers said that it was his recollection that there was significant pressure on the City Council to fast track the community parks portion of the study, noting the Parks and Recreation Commission's recommendation has merit and would serve the city in the long run.

Mayor Kennedy opened the floor to public comment. No comments were offered.

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Parks and Recreation Commission Recommendation to Complete Community Park Master Plan Subsequent to the Parks, Facilities, and Recreation Programming Master Plan.*

**SECOND READING OF ORDINANCES:**

**11. ADOPT ORDINANCE NO. 1480, NEW SERIES**

**Action:** *On a motion by Council Member Cook and seconded by Mayor Pro Tempore Tate, the City Council **adopted** Ordinance No. 1480, New Series as follows: An Ordinance of the City Council of the City of Morgan Hill Amending Ordinance No. 559 New Series, by Rezoning 4.83 Acres Located on the South Side of E. Dunne Avenue, at 1630 E. Dunne Avenue. The Zoning Amendment Would Prezone the Property from County A1-2.5AC to City R1-7,000 (APN 817-19-043) by the following roll call vote: AYES: Cook, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: Chang; ABSENT: None.*

**12. ADOPT ORDINANCE NO. 1481, NEW SERIES**

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council **adopted** Ordinance No. 1481, New Series as follows: An Ordinance of The City Council of The City of Morgan Hill Amending a Development Agreement for Application MP- 96-23: E. Main-Pan Cal and MP 99-02: Calle Siena-Main St. Developers Allowing for a Two-year Extension of the Building Allotments for the Four Custom Lots Within the Project. (APN 726-21-25, 27 & 31) by the following roll call vote: AYES: Kennedy, Sellers, Tate; NOES: None; ABSTAIN: Chang, Cook; ABSENT: None.*

**13. ADOPT ORDINANCE NO. 1482 NEW SERIES**

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council adopted Ordinance No. 1482, New Series as follows: An Ordinance of the City Council of the City of Morgan Hill Approving the Adoption of Four Individual Development Agreements for the Four Custom Lots Within MP 96-23: E. Main-Pan Cal and MP 99-02: Calle Siena-Main St. Developers. (APN 726-21-25, 27 & 31) by the following roll call vote: AYES: Kennedy, Sellers, Tate; NOES: None; ABSTAIN: Chang, Cook; ABSENT: None.*

**14. ADOPT ORDINANCE NO. 1483 NEW SERIES**

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council adopted Ordinance No. 1483, New Series as follows: An Ordinance of the City Council of the City of Morgan Hill Amending a Development Agreement to Grant an Exception to the Loss of Building Allocations for the 31 Unit Villa Nova Project. (APN 817-31-53) by the following roll call vote: AYES: Kennedy, Sellers, Tate; NOES: None; ABSTAIN: Chang, Cook; ABSENT: None.*

**15. ADOPT ORDINANCE NO. 1484 NEW SERIES**

**Action:** *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council adopted Ordinance No. 1484, New Series as follows: An Ordinance of the City of Morgan Hill Enacting Section 12.20.095 (Use of Skate Park Facility) of Chapter 12.20 (City Parks and Recreation Buildings) of Title 12 (Streets, Sidewalks and Public Places) of the Municipal Code of the City of Morgan Hill Regulating Use of the Skate Park Facility, as amended, by the following roll call vote: AYES: Chang, Cook, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

**CLOSED SESSION:**

Council Member Sellers did not believe that there was a need to go into closed session based on previous discussions under agenda item 8 above.

**Action:** *It was the consensus of the City Council that it did not need to conduct a closed session for the below listed closed session item.*

**1.**

**CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION**

Legal Authority:	Government Code 54956.8 & 54956.9(c) (1 potential case)
Real Property(ies) involved:	APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Mission View and Cochrane Road; and APN 728-31-009 - 12.88 acres located on the southeast corner of Cochrane and Highway 101 (St. Louise Hospital property)
City Negotiators:	Agency Members; Executive Director; Interim Agency Counsel; and F. Gale Conner, special counsel
Closed Session Topic:	Potential Litigation

**PUBLIC COMMENT**



Mayor Kennedy opened the floor to public comment. No comments were offered.

**FUTURE COUNCIL-INITIATED AGENDA ITEMS:**

No items noted.

**ADJOURNMENT**

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 10:15 p.m. in memory of David Montoya.

**MINUTES RECORDED AND PREPARED BY:**

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**Irma Torrez, City Clerk/Agency Secretary**